

STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER

In the Matter of

KEITH D. COE

Licensee.

Order No. 14-0218
WAOIC No. 241705
NPN 8483712

CONSENT ORDER LEVYING
A FINE

This Consent Order is entered into by the Insurance Commissioner of the state of Washington, acting pursuant to the authority set forth in RCW 48.02.060 and RCW 48.17.530, and Keith D. Coe, a licensed insurance producer.

BASIS:

1. Keith D. Coe ("Coe or the Licensee") is a resident insurance producer licensed to do business in the state of Washington. He has been licensed in Washington State since June 3, 2005.
2. Coe is an insurance producer for North Town Insurance (NTI) in Spokane, Washington. Coe pays referral fees to vehicle salesmen who refer their clients to him for insurance. At least two of these salesmen, John Arrotta and Josh Weekly, were insurance clients of Coe at the time he paid them a referral fee.
3. Coe rarely directly pays the fees to anyone referring clients to him. Instead he gives unspecified amounts of cash to his assistant who then goes to the vehicle dealerships and gives the money to the managers for distribution. Coe does not tell the assistant how much any one salesperson is to receive and leaves that up to the dealership manager. Coe cannot show that no more than \$25 has been paid to any given customer.
4. Coe admits to giving about 3-5 \$10 gift cards each month to clients for referrals, but claims he pays no more than \$25 per year to each customer. Coe initially claimed that he did

not keep records of the referral fees he paid. However, when the Office of the Insurance Commissioner ("Insurance Commissioner") advised Coe's attorney that it would be a violation of the insurance code for Coe not to keep records of the referral fees that he paid, the agency manager, Lisa LeBlanc, for NTI, provided a spreadsheet of some referral fees. The spreadsheet identifies Coe as the agent for at least twenty (20) people that were given a \$10 gift between May 8, 2013 and December 8, 2013. The agency manager claimed that the records prior to May 8, 2013, had been lost.

5. RCW 48.30.140 prohibits any insurance producer from directly or indirectly, offering, promising, allowing, giving, setting off, or paying to the insured or to any employee of the insured, any rebate, discount, abatement, or reduction of premium or any part thereof named in any insurance contract, or any commission thereon, or earnings, profits, dividends, or other benefit, or any other valuable consideration or inducement whatsoever which is not expressly provided for in the policy and filed with the Insurance Commissioner. Coe's payments to his insurance clients among the vehicle salesmen, and their employees, constitute just such consideration or inducements as contemplated by RCW 48.30.140, which his actions violated.

6. The aforementioned requirement of RCW 48.30.140 does not apply to advertising or promotional programs conducted by insurance producers whereby prizes, goods, wares, or merchandise, not exceeding twenty-five dollars in value per person in the aggregate in any twelve-month period, are given to all insureds or prospective insureds under similar qualifying circumstances. The exception does not apply to Coe, who cannot show that his payments did not exceed twenty-five dollars per twelve-month period. Furthermore, the cash distributed by Coe does not fall within the categories of "prizes, goods, wares, or merchandise." Again, Coe's payments were not advertising or promotional programs as contemplated by the statutory exception to the requirements of RCW 48.30.140, which the payments violated.

7. Similarly, RCW 48.30.150 requires that no insurance producer shall, as an inducement to insurance, or in connection with any insurance transaction, provide in any policy for, or offer, or sell, buy, or offer or promise to buy or give, or promise, or allow to, or on behalf of, the insured or prospective insured in any manner whatsoever any prizes, goods, wares, or merchandise of an aggregate value in excess of twenty-five dollars. As noted above, Coe cannot show that the payments and gifts did not have an aggregate value of twenty-five dollars. Also,

the cash payments do not constitute prizes, goods, wares, or merchandise, and are not allowed by the statute. Accordingly, Coe violated RCW 48.30.150 with the cash payments and gift cards.

8. RCW 48.17.470 requires that every insurance producer, title insurance agent, or adjuster shall retain a record of all transactions consummated under the license. Coe violated RCW 48.17.470 by failing to keep records before May 8, 2013 of the amounts or benefits given for the aforementioned referrals.

9. RCW 48.17.530(1)(b) gives the Insurance Commissioner the authority to revoke, suspend, or place on probation any insurance producer's license for violating any insurance laws, or violating any rule, subpoena, or order of the Insurance Commissioner. Coe's violations of RCW 48.30.140, RCW 48.30.150, and RCW 48.17.470 justify the imposition of a penalty on Coe under RCW 48.17.530(1)(b).

10. RCW 48.17.530(1)(h) gives the Insurance Commissioner authority to revoke, suspend, or place on probation any insurance producer's license for demonstrating incompetence, untrustworthiness, or financial irresponsibility in this state or elsewhere. Coe's payments of unspecified and unrecorded amounts of cash to car dealerships in return for referrals of insurance business, as well as his failure to keep records before May 8, 2013 of the amounts or benefits given for the aforementioned referrals, justify the imposition of a penalty on Coe under RCW 48.17.530(1)(h).

11. RCW 48.17.560 gives the Insurance Commissioner authority to levy a fine on an insurance producer in addition to or in lieu of revocation or suspension of the insurance producer's license, up to a maximum of one thousand dollars for each offense.

CONSENT TO ORDER:

The Insurance Commissioner of the state of Washington and the Licensee agree that the best interest of the public will be served by entering into this Consent Order. NOW, THEREFORE, the Licensee consents to the following in consideration of his desire to resolve this matter without further administrative or judicial proceedings. The Insurance Commissioner consents to settle this matter in consideration of the Licensee's payment of a fine, and upon such terms and conditions as are set forth below:

1. Coe acknowledges his duty to comply fully with the applicable laws of the state of Washington.

2. Coe consents to the entry of this Consent Order, waives any and all hearing rights, and further administrative or judicial challenges to this Consent Order.

3. By agreement of the parties, the Insurance Commissioner will impose a fine of \$1,000.00 (One Thousand Dollars) and suspend \$500.00 (Five Hundred Dollars) of that, on the conditions that:

- a. Within thirty (30) days of the entry of this Consent Order, Coe pays \$500.00 (Five hundred dollars); and
- b. Coe commits no further violations of the statutes that are the subject of this Consent Order for a period of two years from the date this Consent Order is entered.

4. Coe understands and agrees that any future failure to comply with the statutes that are the subject of this Consent Order constitutes grounds for further penalties, which may be imposed in response to further violations.

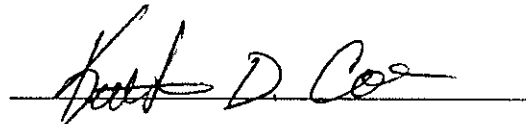
5. Coe's failure to pay this fine within thirty (30) days of the execution of this Consent Order shall constitute grounds for revocation of his insurance producer's license and shall result in the recovery of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the state of Washington.

6. This Consent Order and the violations set forth herein constitute admissible evidence that may be considered in any future action by the Insurance Commissioner involving Coe. However, the facts of this Consent Order, and any provision, finding or conclusion contained herein does not, and is not intended to, determine any factual or legal issues or have any preclusive or collateral estoppel effects in any lawsuit by any party other than Insurance Commissioner.

EXECUTED this 29 day of December, 2014.

KEITH D. COE

Signature:



AGREED ORDER

Pursuant to the foregoing factual Basis and Consent to Order, the Insurance Commissioner of the state of Washington hereby Orders as follows:

1. Coe shall pay a fine in the amount of \$1,000.00 (One Thousand Dollars) of which amount the sum of \$500.00 (Five Hundred Dollars) is suspended on the condition that Coe fully complies with the laws of the state of Washington which are the subject of this Consent Order and adheres to such terms and conditions as are set forth above for the next two years.

2. Coe's failure to pay the fine within thirty (30) days of the execution of this Consent Order shall result in the revocation of his insurance producer's license and in the recovery of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the state of Washington.

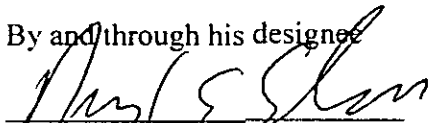
3. This Consent Order and the violations set forth herein constitute admissible evidence that may be considered in any future action by the Insurance Commissioner involving Coe. However, the fact of this Consent Order, and any provision, finding or conclusion contained herein does not, and is not intended to, determine any factual or legal issues or have any preclusive or collateral estoppel effects in any lawsuit by any party other than the Insurance Commissioner.

Executed this 30th day of December 2014.



MIKE KREIDLER
Insurance Commissioner

By and through his designee



DARRYL E. COLMAN
Insurance Enforcement Specialist
Legal Affairs Division